

## Contingency and adverse effects Policy

### Purpose and scope

In accordance with the College's Risk Management Policy, these procedures describe the Freshart's standard process for risk management, including:

- Risk identification
- Risk rating
- Risk controls
- Risk monitoring and reporting

A standard approach to risk management allows risks to be correctly prioritized across all of the College's operations, which in turns means that effective controls can be put in place to ensure the College is able to manage its operations effectively now and into the future.

The procedure applies to all activities undertaken in the course of College business, whether on the College campuses or other locations.

### Risk management process

A risk to Freshart College is any event or action that could have a negative impact on the College. This includes events that could lead to:

- Death or injury.
- Financial loss to the College.
- Damage to the Centre's reputation or adverse media coverage.
- Damage to the physical environment, including land, water or air quality.
- Failure to meet regulatory or legislative requirements.

In addition the failure to identify and capitalise on opportunities is also considered a risk.

It is essential that the College is aware of what risks it faces, and takes adequate precaution to avoid significant damage as a result of those risks. The College has therefore developed a risk management process to ensure that management of risks is undertaken in a systematic and standard approach across all of its operations.

Freshart's risk management process is comprised of the following key stages:

#### 1. Risk identification

A structured approach to identifying the events that, if they were to occur, could have a negative impact on the Centre.

## **2. Risk rating**

A process to analyse and understand each of the risks, including understanding what causes the risk to occur and what controls are already in place to manage the risk; risk assessment also determines:

- How severe a potential impact could be, and
- What is the likelihood of the Centre being negatively impacted in this way.

Once the potential impact and likelihood have been assessed, the risk assessment process considers whether the risk is acceptable, or whether further treatments are required to further reduce the level of risk.

## **3. Risk controls**

Controls represent a whole range of actions, measures and strategies taken by management to eliminate or reduce risks. They include documenting policies and procedures, ensuring separation of duties in certain functions, implementing quality assurance programs, including appropriate clauses in contracts, etc.

The process in determining risk controls includes, assessing the risk, assessing risk appetite and evaluating how to treat the risk through mitigating actions.

In assessing a risk, we firstly must give consideration of our risk appetite by making a risk assessment, this could include:

- Avoid the risk
- Mitigate the risk
- Transfer the risk, and
- Accept the risk.

A process should then be followed to identify efficient and effective ways to mitigate against the risk, this can occur by either:

- Removing the risk
- Reducing the likelihood of the risk impacting on the College
- Reducing the consequences if the risk were to occur, or
- A combination of these approaches.

## **4. Risk monitoring and reporting**

A process of regular review to ensure that:

- new risks are identified and considered as they arise
- existing risks are monitored to identify any changes which may impact on the College
- new risk controls are being implemented according to the planned schedule
- existing risk controls are still in place and working effectively
- that information on risks is adequately communicated to appropriate parties

Following this process allows the College to:

- Anticipate and respond in advance to events that would otherwise cause damage to the College
- Reduce the costs and other damage associated with failing to respond
- Create a safer environment for everyone within the College
- Focus management attention on developing and expanding the College rather than responding to incidents that could have been avoided
- Negotiate reduced premiums with insurers

### **Step 1: Risk identification**

Risk identification requires reasonably foreseeable risks that have the potential to have a meaningful impact on the College to be identified. A risk is any event or action that could have a negative impact on Freshart. This includes examples like the following:

- Lead to death or injury
- Lead to financial loss to the College
- Lead to Withdrawal of College approval status
- Damage the College's reputation or lead to adverse media
- Lead to damage to the physical environment, including land, water or air quality

Within Freshart, risk identification occurs in two ways:

Structured risk identification: Time is specifically allocated, and appropriate staff are convened, to identifying risks;

Ad-hoc risk identification: Risks are identified during the normal course of work; these risks are managed at the time and reported by staff to the Management. All Staff shall diligently identify risks and report them to their supervisor, especially during periods of change to processes or operational practice. Staff shall comply with all risk treatments.

On receipt of a complete risk identification report form, must:

Assess the risks to determine whether any further immediate action is required.

- Initiate any further immediate action that is required;
- Rank the risk using the risk assessment rules (consequence and likelihood)
- Include the identification of a new risk in the meeting notes for the next meeting

All identified risks must be entered in the Risk Register. As a minimum the following information must be included:

- The name of the risk: this is a short, meaningful title so that the risk can readily be referred to in the future.
- A full description of the risk, including information on how the risk impacts on the College.
- The causes of the risk.
- Details of the controls that are currently in place to manage the risk, including temporary controls that are being used to manage the risk until further action is taken.
- Details of any other controls that are planned for the risk, including a due date for implementation and a person responsible for putting the control in place.
- The risk rating determined from the assessment of the potential consequences and likelihood for the risk.

## **Step 2: Risk rating**

All identified risks shall be assessed to determine the overall ranking for the risk. Risks are ranked in the following four categories:

- High
- Significant
- Moderate
- Low

The ranking of a risk determines:

- The nature of further action that is required, and the urgency with which further action should be undertaken.
- The reporting requirements for the risk, including who the risk is reported to.
- How the risk is monitored.

All risks are ranked using a common scale that assesses:

- The potential consequences if the risk were to occur, and
- The likelihood of the College being impacted in that way.

A common approach to risk ranking is necessary to ensure that the largest risks can readily be identified and management of risks can be prioritised in a way that has the greatest overall benefit.

## **Assessing likelihood**

When assessing likelihood, it is important to note that the likelihood score for a risk needs to reflect the likelihood of the consequence occurring, rather than the likelihood of the risk occurring.

For example: There may be a risk that staff or students are injured as a result of assaults. The consequences of an assault may range from a relatively minor injury to death, depending on the circumstances of the incident.

Whilst assaults are unfortunately not uncommon within Freshart, the likelihood of staff or students dying as a result of an assault is considered to be unlikely. There are therefore a number of ways of scoring this risk.

#### **Step 4: Risk controls**

##### **4.1 Assess how risks will be treated**

The objective of the step is to identify how the identified risks will be treated. Risk treatment involves identifying the options for treating each risk, evaluating those options, assigning accountability (for High, Serious and Medium risks), preparing risk treatment plans and implementing them. The following options are available for treating risks and may be applied individually or in combination, with due consideration of risk appetite:

**Avoid the risk:** Not to proceed with the activity or choosing an alternative approach to achieve the same outcome. Aim is risk management, not aversion.

**Mitigate:** Reduce the likelihood - Improving management controls and procedures. Reduce the consequence - Putting in place strategies to minimise adverse consequences, e.g. contingency planning, Business Continuity Plan, liability cover in contracts.

**Transfer the risk:** Shifting responsibility for a risk to another party by contract or insurance. Can be transferred as a whole or shared.

**Accept the risk:** Controls are deemed appropriate. These must be monitored and contingency plans developed where appropriate.

##### **4.2 Identifying controls**

To recognise existing or required controls to mitigate the identified risks:

1. Consider ways to remove the risk. Alternative methods of working may be available that mean that the risk no longer represents a threat to the College.
2. Consider the causes of the risk – information on causes is listed with the information for the risk. Consider what can be done to remove causes, or reduce the likelihood of the causes creating the risk.
3. Consider the consequences of the risk – if the risk were to occur, what would need to be done to reduce the consequences? This can include controls that reduce the amount of damage that occurs, for example: only having limited amounts of corrosive materials available in order to limit the amount of injury and environmental damage that can result from a spill.

Alternatively, controls for consequences can be recovery and clean-up controls once the damage has occurred, for example: first aid and emergency response procedures to recover from and limit further injury once a safety accident has occurred.

4. Outsource management of the risk. A common example of a risk control that is outsourced is the use of external security contractors, who may be provided with better training and resources than the College could supply itself. The improved skills and resources of an outsourced provider may reduce the risk of assaults for all staff and students.

5. Provide insurance. Insurance is a common control for providing post-event recovery from financial losses. Whilst insurance is a very common risk control, it needs to be remembered that insurance will only cover financial losses and will not necessarily provide recovery from other types of damage, for example damage to reputation that may occur following a major incident.

### **4.3 Control implementation**

Where controls have been identified the risk register should be updated to show:

- Causes of the risk.
- Implication of the risk with amendment existing controls (if they exist).
- What any existing mitigating controls are.
- What actions are being undertaken to put further controls in place, or maintain existing controls and by when.
- Who is responsible for ensuring the controls are in place.

The action items entered into the risk register shall be followed up and reported

### **Step 5: Risk monitoring and reporting**

All Risks rated as moderate, significant or high, in the risk identification process will be reviewed by the Management regularly.

### **General definitions**

Risk management: For Freshart refers to the culture, processes and structures developed to effectively manage potential opportunities and adverse effects for any activity, function or process undertaken by the College.

Risk: Within Freshart, a risk to the business is any threat of an action or event to our industry or activities that has the potential to threaten the achievement of our business objectives. Business risk arises as much from the possibility that opportunities will not be realised as it does from the possibility that threats will materialise or that errors will be made.

Likelihood: Likelihood measures the expected frequency of a risk occurring. Typically, a subjective judgement based on past experience and the insights of persons familiar with the activity.

Consequence: Consequence measures the expected level of impact on the College and its objectives, should the risk occur.

***This policy will be reviewed every 12 months by the Principal of College.***